

# SENATE BILL REPORT

## SB 5678

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As of February 8, 2007

**Title:** An act relating to a study of the incidence of total permanent disability pensions in the state's workers' compensation system.

**Brief Description:** Requiring a study of the incidence of total permanent disability pensions in the state's workers' compensation system.

**Sponsors:** Senators Kohl-Welles, Clements, Keiser and Holmquist.

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 2/06/07.

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Staff:** Jennifer Strus (786-7316)

**Background:** A permanent total disability is defined as the loss of both legs, or arms or one leg and one arm, total loss of eyesight, paralysis or other condition permanently incapacitating the worker from gainful employment. Some workers with a permanent total disability are eligible for a pension under the workers' compensation system. Pension benefits are payable to the worker as long as he or she remains totally disabled. A cost of living adjustment is made to the monthly pension amount each July 1st based upon the increase in the average wage in Washington during the previous calendar year.

**Summary of Bill:** The Department of Labor & Industries (L&I) is to contract with an independent researcher with demonstrated experience in workers' compensation systems to conduct a study of the incidence of total permanent disability pensions. L&I is to consult the Workers' Compensation Advisory Committee (WCAC) in determining the criteria to use in choosing the researcher.

In conducting the study, the researcher chosen must consider the following: the causes of the increase in total permanent disability cases; future anticipated total permanent disability trends; and a comparison of Washington's permanent disability claims experience with other states' experience.

L&I is to report to the WCAC on the study results on or before July 1, 2008.

If specific funding for this bill is not referenced in the 2007-09 operating budget, the provisions of this bill are null and void.

**Appropriation:** None.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Fiscal Note:** Requested on January 31, 2007.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The trend in this state over the last several years has been a large increase in the number of pensions. The rate of pensions has doubled in the last six years and the costs for those pensions has doubled in the last ten years. Pensions are not the best outcomes for workers and with this study we will be able to determine what is causing this upward trend and perhaps look at tools used by other states in curbing the pension trend or costs that might be helpful in Washington.

CON: This bill is premature because of the Governor's bill to rework the vocational rehabilitation system. If the vocational system were currently functional there would not be so many workers receiving pensions. A study like the one proposed in the bill would be a better idea after the vocational rehabilitation system has been worked on. A study to look at pensions without also looking at employability is not a complete study because the two are inextricably tied together.

OTHER: There are no issues with the bill but do not think legislation is necessary.

**Persons Testifying:** PRO: Dave Kaplan, Washington Self-Insurer's Association.

CON: Michael Temple, Washington State Trial Lawyers Association; Owen Linch, Teamsters.

OTHER: Bob Malooly, L&I.